

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the application of)	
THE MONTANA POWER COMPANY for authority)	DOCKET NO. 6405
to make short-term borrowings in the)	
aggregate principal amount of not to)	DEFAULT ORDER NO. 4257
exceed \$120,000,000 at any one time)	
outstanding.)	

On March 12, 1976, The Montana Power Company, Applicant, filed with this Commission its verified application requesting authority to issue, assume or guarantee promissory notes to banks, to issue bearer promissory notes as commercial paper, to make term loans or by such other means as may be deemed advisable to make short-term borrowings in an amount which with the amount of short-term notes now outstanding, will not in the aggregate principal amount exceed \$120,000,000 at any one time outstanding during the period ending July 1, 1977.

At a session of the Public Service Commission of the State of Montana, held in its offices at 1227 11th Avenue, Helena, Montana, on May 6, 1976, there regularly came before the Commission for final action, the matters and things in Docket No. 6405 and the Commission being fully advised in the premises makes the following:

FINDINGS OF FACT

1. The Applicant is a corporation organized and existing under the laws of Montana and is qualified to transact business in Montana.

2. Applicant is operating as a public utility as defined in Section 70-103, RCM 1947, and as such is engaged in furnishing electric, natural gas and water service in Montana.

3. The Commission has jurisdiction over the subject matter of this application, under Section 70-117.1 through 70-117.6, RCM 1947, in that the short-term borrowings and the securities proposed to be issued by Applicant will have a maturity of less than one year, but that the aggregate amount of the \$120,000,000 of short-term borrowings proposed to be made exceeds five percent (5%) of the fair market value and/or par value, of applicant's other securities outstanding.

4. Public notice of the application was given in thirteen (13) Montana newspapers about March 29, 1976, and no requests for a public hearing were received by April 27, 1976.

5. The proceeds from the short-term borrowings, together with internally generated funds, will be used to meet the cash requirements of current business transactions pending issuance of long-term securities. These business requirements consist of the temporary financing of the acquisition of property, the construction and improvement of facilities, the maintenance of service, the discharge and lawful refunding of obligations and other lawful purposes of applicant.

6. The securities to be issued, assumed or guaranteed by the applicant shall be in the form of unsecured obligations in varying denominations principally in the following forms: (1) notes pay-

able to commercial banks; (2) bearer notes, issued for sale as commercial paper, to be delivered to dealers who will in turn sell such notes to investors or will retain such notes for their own account; (3) term loans with commercial banks and others; and (4) such other forms of short-term borrowings as may be deemed advisable by Applicant.

7. Arrangements will be made for bank loans to be evidenced by promissory notes with commercial banks or others. Commercial paper will be issued as bearer notes for varying periods of less than one year in duration. Term loans with commercial banks or others, and short-term borrowing arrangements will be made on such conditions as may be deemed advisable at the time of issuance. No finders fee, or other fee, commission or remuneration has been or is to be paid to any third person for negotiating any of applicant's borrowing transactions with the banks or dealers in commercial paper. Expenses in connection with the making of such short-term borrowings have been estimated at \$5,000.

8. Applicant plans to issue long-term securities, the proceeds of which will be used to retire the short-term borrowings made or to be made under this application. The type, amount, timing and method of sale of such securities has not yet been fully determined.

9. Applicant furnished complete financial and statistical data with its application, in accordance with the applicable rules and regulations of the Commission. The application sets forth an

opinion of counsel who will pass upon the legality of the proposed short-term borrowings, together with a certified copy of appropriate corporate resolutions pertaining thereto.

CONCLUSION OF LAW

The securities transactions proposed by the Applicant, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; that same are necessary or appropriate for and consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of the securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of the Applicant.

ORDER

The application of The Montana Power Company for authority to make short-term borrowings in the amount which together with the notes now outstanding will not in the aggregate principal amount exceed \$120,000,000 outstanding at any one time during the period ending July 1, 1977, and in the manner as set forth above and in the application, the short-term borrowings to be evidenced by promissory notes with commercial banks or others, by bearer notes for the issuance of commercial paper, and by term loans with commercial banks or others, and by such other borrowing arrangements, which shall be on the most favorable terms The Montana Power Company can negotiate depending on the varying borrowing conditions from time to time, be, and the same are approved.

NOTE: Section 70-117.6, RCM 1947, provides that neither the issuance of securities by Applicant pursuant to the provisions of this order, nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed hereunder.

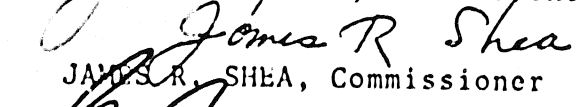
The approval of this stock offering shall not be construed as precedent to prejudice any future action of this Commission with regard to any security issue.


Issuance of this order does not mean acceptance of the Applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

DONE IN OPEN SESSION at Helena, Montana, this 6th day of May, 1976, by a 4-0 vote, Commissioner Monahan absent.

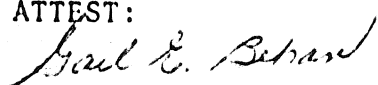

GORDON E. BOLLINGER, Chairman


P. J. GILFEATHER, Commissioner


JAMES R. SHEA, Commissioner


GEORGE TURMAN, Commissioner

ATTEST:


GAIL E. BEHAN
Secretary

(Seal)

NOTICE: You are entitled to judicial review of this Order. Judicial review may be obtained by filing within thirty (30) days from the service of this order, a petition for review pursuant to Section 82-4216, RCM 1947.